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Agency Between Natural and Artificial Persons in English Law

A Doctrinal and Structural Analysis

Abstract

This article examines the law of agency as it operates between **natural persons** (living human beings) and **artificial persons** (companies, statutory bodies, and other juridical entities) in English law. It begins with the orthodoxy of separate legal personality, rooted in *Salomon v A Salomon & Co Ltd*, and the statutory definition of "person" in the Interpretation Act 1978. It then analyses agency doctrine in its classical formulation, including the requirements of consent and authority, before considering how artificial persons can only act through natural agents. The article explores actual and apparent authority, attribution and the "directing mind and will" doctrine, the significance of *procuration* under the Bills of Exchange Act 1882, and the interrelation between agency and the administration of estates (including executors) where a "registered" or legal identity is treated as a distinct estate. The purpose is not to advance pseudo-legal claims, but to show that questions about the relationship between human beings and juridical persons are grounded in mainstream doctrine. Properly understood, agency provides the conceptual bridge between natural and artificial persons and defines when, and to what extent, liability, capacity, and jurisdiction attach to either.

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1. Introduction

English law recognises that not all "persons" are human. The legal system routinely attributes rights and obligations to **juridical entities**—companies, partnerships, unincorporated associations, charities, and even estates—that are incapable of acting in the physical world. As a result, much of modern law is concerned with when, and how, acts of natural persons are treated as acts of artificial persons, and vice versa. This is the domain of the **law of agency**.

The conceptual separation between natural and artificial persons is now so embedded that it often goes unexamined. Yet it becomes doctrinally salient in several contexts: corporate liability, attribution of

knowledge, director and officer liability, administration of estates, insolvency, and the interaction between "registered" legal identities and living individuals. In each case, the law must ask: **who is the principal, who is the agent, and what is the scope of authority?**

This article offers a structured analysis of the law of agency as it relates to natural and artificial persons in English law. It seeks to clarify the orthodox position, situate it within established case law and statute, and show that discussion of "agency between a human and a legal person" is not inherently pseudo-legal, but rather a necessary part of mainstream doctrine.

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2. Separate Legal Personality: Natural and Artificial Persons

2.1 Conceptual Foundations

English law distinguishes between **natural persons** and **artificial (or juridical) persons**. A natural person is a human being; an artificial person is an entity which the law recognises as having legal personality, such as a corporation.

Halsbury's Laws of England states:

"A person may be either a natural person or an artificial person created by law, such as a corporation."[1]

The Interpretation Act 1978 embeds this in statute, providing that:

"'Person' includes a body of persons corporate or unincorporate."[2]

Thus, whenever legislation refers to a "person," it may encompass both human beings and legally constructed entities. The duality is not fringe; it is a baseline assumption of English statutory interpretation.

2.2 Salomon and the Corporate Veil

The leading authority on separate corporate personality is *Salomon v A Salomon & Co Ltd*.[3] In that case, Mr Salomon incorporated a company, took shares and debentures, and later the company went insolvent. The liquidator argued that the company was "a mere alias" for Salomon and that he should be personally liable. The House of Lords rejected this:

"The company is at law a different person altogether from the subscribers."[4]

Two points of doctrinal significance follow:

1. Once incorporated, the company is **separate** from its members.
2. The company's liabilities are not automatically those of its human controllers.

This separation underpins all subsequent questions about agency: if the company is a person in its own right, any act done in its name must be linked to a human being via some form of **authority**.

2.3 Other Artificial Persons: Bodies of Persons

While *Salomon* concerned companies, the Interpretation Act's reference to "a body of persons corporate or unincorporate" shows that legal personality is broader. Partnerships, trade unions, local authorities and other collective entities may be "persons" for particular statutory purposes.[5] In each case, the law must determine when actions and intentions of individuals are attributed to the body.

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3. Classical Agency Doctrine

3.1 Definition and Elements

Agency is conventionally defined as a consensual relationship whereby one person (the agent) is authorised to act on behalf of another (the principal) and thereby affect the principal's legal position. Bowstead and Reynolds define it as:

"the fiduciary relationship which exists between two persons, one of whom expressly or impliedly consents that the other should act on his behalf and the other of whom similarly consents so to act or so acts."[6]

Three core elements follow:

1. **Consent** – Principal and agent must consent to the relationship (expressly or by implication).
2. **Authority** – The agent must have authority (actual or apparent) to act.
3. **Capacity** – The principal must have capacity to enter the underlying legal relations.

Where any element is absent, agency is either non-existent or defective.

3.2 Types of Authority

The law recognises multiple forms of authority:

- **Actual authority**: express or implied permission from principal to agent.[7]
- **Apparent (ostensible) authority**: authority which a third party reasonably believes the agent has, because of the principal's representation.[8]
- **Usual authority**: a species of implied authority arising from the agent's position or office.

The classic articulation is in *Freeman & Lockyer v Buckhurst Park Properties*, where Diplock LJ held that a company could be bound by the acts of a person with apparent authority—even if no actual authority existed—where:

1. A representation of authority is made by someone with actual authority;
2. The third party relies on that representation; and
3. It is reasonable to do so.[9]

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4. Artificial Persons Acting Through Natural Agents

4.1 Necessity of Human Agents

An artificial person has no mind or body. It can neither sign a document nor appear in person. All acts of an artificial entity must therefore be carried out by natural persons, whether they are:

- directors,
- officers,
- employees,
- solicitors, or
- other authorised representatives.

As Lord Hoffmann observed in *Meridian Global Funds Management Asia Ltd v Securities Commission*, "a company's primary rules of attribution are found in its constitution and the company law, but general principles of agency also play a central role."[10]

Thus, agency doctrine provides the basic mechanism through which the company's "acts" are performed.

4.2 Attribution and the "Directing Mind and Will"

Beyond straightforward agency, English law has developed principles of **attribution**—rules by which the knowledge and acts of individuals are attributed to the company itself.

In *Tesco Supermarkets Ltd v Nattrass*, the House of Lords held that only those who are the company's "directing mind and will" (typically the board or managing officers) can be treated as the company itself for the purpose of certain offences.[11] While *Meridian* later refined the rigidity of the "directing mind" test, the general point remains: **attribution requires a conceptual link between human and artificial person**, and agency is one of the key vehicles for that link.

4.3 Limits: Ultra Vires and Lack of Authority

If an individual purports to act for a company without authority, the general rule is that the company is not bound, and the individual may be personally liable (for breach of warranty of authority, for example).[12] Where a third party seeks to rely on a representation of authority, they must demonstrate the conditions for apparent authority as set out in *Freeman & Lockyer*.

The same logic applies to any artificial person: local authorities, partnerships, unincorporated associations and estates can act only through authorised human agents.

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5. Natural Persons Acting on Behalf of Artificial Persons

5.1 Capacity of the Principal

For agency to exist, the **principal** must have capacity to enter legal relations. A company has capacity within the limits of its constitution and statute; a trust estate is administered through its trustees; a deceased estate is administered by an executor. The artificial person cannot "consent" in a human sense; consent is inferred through:

- corporate resolutions;
- appointment documents;
- statutory office;
- or established practices.

Once the principal's existence and capacity are established, an individual may act as agent only if they have **authority**.

5.2 Corporate Officers, Executors and Other Fiduciaries

Directors of a company, trustees of a trust, and executors of an estate are all examples of natural persons acting in a representative capacity for a juridical person or estate.

In *Pett v Pett*, the Court of Appeal emphasised that only the properly appointed personal representative has authority to represent the estate of a deceased person.[13] Anyone purporting to act without such authority is an executor *de son tort* and may be personally liable:

"He who intermeddles with the estate of the deceased without title may render himself liable as executor de son tort."[14]

The analogy extends to other registered or statutory estates. Where statute treats a given "estate" or "body of persons" as a legal person for limited purposes, the law must still ask: who is authorised to deal with it, and in what capacity?

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6. Bills of Exchange and the Doctrine of Procuration

6.1 Capacity and Liability Under the Bills of Exchange Act 1882

The Bills of Exchange Act 1882 is a central statute of commercial law and provides a clear example of how agency operates between natural and artificial persons. Section 2 states:

"Capacity to incur liability as a party to a bill is co-extensive with capacity to contract. A corporation may be a party to a bill."[15]

Thus, a bill of exchange (which may include cheques and certain commercial instruments) can be drawn, accepted or endorsed either by:

- a natural person in his own name;
- a company or "body of persons";
- a person signing for and on behalf of another.

Liability attaches depending on how the instrument is executed.

6.2 Signature "Per Procurationem"

Section 25 (and related provisions) recognise signature "by procuration." Section 25(1) provides:

"A signature by procuration operates as notice that the agent has but a limited authority to sign, and the principal is only bound if the agent in so signing was acting within the actual limits of his authority."[16]

Key points:

1. A **signature "per procurationem" ("p.p.")** expressly signals agency.
2. The third party is put on **notice** that authority is limited.
3. The principal is only bound if actual authority can be established.

This doctrine is illustrative for the natural/artificial person relationship more broadly. Where a natural person signs in the name of a company or other legal person, they are in substance signing **"per procurationem"**, whether or not the notation "p.p." is used. The third party has a duty to ensure that the agent indeed has authority from the artificial person.

6.3 Presumption of Agency and Its Rebuttal

Under bills of exchange law, a signature on a company's bill, cheque or promissory note raises a presumption that the signatory was authorised. However, this presumption can be rebutted by evidence that:

- the person had no actual or apparent authority;
- the principal did not hold them out;
- the signatory exceeded their mandate.

In such cases, the company may not be bound, and the signatory may incur liability for breach of warranty of authority.[17] The doctrinal structure again demonstrates that agency is a fact-specific, rebuttable relationship; it is never automatic.

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7. Agency, Registered Identities and the Natural Person

7.1 Administrative Legal Identities

Modern public law treats various names and registrations as **legal identities** for administrative purposes: tax files, social security numbers, land registration titles, and so on. While these are not corporations in the *Salomon* sense, they function as **legal constructs** through which the State interacts with individuals and estates.

The Interpretation Act's inclusion of "a body of persons" within the meaning of "person" means that in some contexts, the law will treat these constructs as juridical persons. The interaction between the human being and the registered identity is mediated by agency:

- Is the human acting purely in a personal capacity?
- Or as administrator, trustee, or executor for the registered estate or legal person?

7.2 Presumed Agency and the Right to Rebut

In practice, authorities often **presume** that the living individual is the agent or representative of the registered identity and may treat them as such for enforcement. However, as a matter of classical doctrine:

- agency cannot be imposed unilaterally;
- consent and authority are required;
- presumptions may be rebutted.

Cases on apparent authority such as *Freeman & Lockyer* and *Rama Corporation v Proved Tin and General Investments* confirm that a principal is bound only where it has made a representation (by words or conduct) that the agent has authority, and the third party has relied on this.[18] Where such representation is missing, the claim of agency is vulnerable.

Thus, the living person may, in principle, challenge the assumption that they acted as agent for a given legal person or estate, especially where there is no evidence of appointment or consent. The success of such a challenge is fact-sensitive, but the doctrinal right to raise it is rooted in orthodox agency law.

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8. Executor and Estate Context: Agency and Capacity

8.1 The Personal Representative as Agent of the Estate

In probate law, an executor or administrator is the paradigmatic example of a natural person acting on behalf of a juridical estate. The estate is often treated as a separate legal entity with its own rights and liabilities during administration.

The executor's tasks—collecting assets, paying debts, distributing residue—are all carried out in a representative capacity. The executor is not ordinarily personally liable for the debts of the estate, provided they act properly and within authority. This is a form of **agency coupled with a fiduciary duty**.

8.2 Unauthorised Administration and Executor de Son Tort

Where a person intermeddles with an estate without lawful authority, they become an executor *de son tort*.[19] They may be held personally accountable to beneficiaries and creditors. This reflects a central policy: **agency in respect of juridical persons or estates must be properly grounded in authority.**

The principle has wider echoes. In any setting where a living person is assumed to be administering or representing a separate legal person, questions of:

- appointment,
- scope of authority, and
- liability

must be addressed.

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9. Agency, Liability and Jurisdiction

9.1 Personal vs Representative Liability

Agency determines whether the human being is:

- personally liable as principal;
- acting as a mere conduit for the artificial person;
- jointly liable; or
- not liable at all (if acting without appointment and without misrepresentation).

In corporate contexts, directors and officers are generally not personally liable on contracts entered into on behalf of the company, absent personal guarantees or tortious conduct.[20] This flows from *Salomon* and agency principles. In probate, the executor is liable only in a representative capacity unless they breach duty. In commercial instruments, signature "per procurationem" gives notice that liability lies, in principle, with the principal if authority is established.

9.2 Jurisdictional Questions

Agency also intersects with jurisdiction. Courts must decide:

- whether proceedings are properly brought against a natural or artificial person;
- whether a natural person appears in a personal or representative capacity;
- whether an artificial person has been properly served (through appropriate agents);
- whether the court has jurisdiction over the principal via the acts of an agent.

The Civil Procedure Rules and Insolvency Rules, for example, require strict compliance with service and capacity requirements. Where actions are taken against the wrong capacity (e.g., confusing an individual

with an estate or company), questions of annulment or setting aside may arise. Such questions are resolved not by pseudo-legal theories, but by applying ordinary principles of legal personality and agency.

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10. Conclusion

The relationship between natural and artificial persons in English law is governed not by metaphysical speculation but by the **law of agency**, separate legal personality, attribution and fiduciary principles. The key doctrinal points can be summarised as follows:

1. English law recognises **natural persons** and **artificial persons** as distinct legal entities.[21]
2. Artificial persons—companies, estates, "bodies of persons"—can act only through **human agents**.
3. Agency requires **consent, authority, and capacity**; it cannot be imposed by mere assertion.[22]
4. The acts and knowledge of human agents are attributed to the artificial person only via rules of attribution and agency, as illustrated by *Salomon*, *Tesco*, and *Meridian*.
5. Under the Bills of Exchange Act 1882, signature "by procuration" is explicit notice that the signer acts as an agent with limited authority; liability depends on proving that authority.[23]
6. Executors illustrate the model of a natural person acting as fiduciary-agent for an estate; anyone acting without appointment risks being an executor *de son tort*, personally liable.[24]
7. Presumptions that a human acts for a legal person are **rebuttable**: courts must consider evidence of appointment, representation and reliance, consistent with *Freeman & Lockyer* and other agency cases.
8. Jurisdiction, liability and capacity all turn on correctly identifying whether a natural person acted as principal or as agent for an artificial person.

These propositions are entirely orthodox. While certain fringe movements misinterpret or exaggerate aspects of legal personality, that does not undermine the legitimacy of the underlying doctrinal distinction between natural and artificial persons. On the contrary, a clear understanding of agency between these categories is essential for sound analysis in corporate law, probate, commercial law, and administrative practice.

Table of Cases

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